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CITGO PLEADS GUILTY AND IS SENTENCED FOR CLEAN WATER ACT VIOLATION IN LOUISIANA

WASHINGTON—CITGO, a Delaware corporation, pleaded guilty today and was sentenced to pay a \$13 million fine for the negligent discharge of pollutants into two rivers in Louisiana in violation of the Clean Water Act (CWA), the Justice Department announced. The \$13 million fine is the largest ever for a criminal misdemeanor violation of the Clean Water Act.

CITGO pleaded guilty in U.S. District Court in Lake Charles, La., for negligently failing to maintain storm water tanks and failing to maintain adequate storm water storage capacity at its petroleum refinery in Sulphur, La. As a result of these failures approximately 53,000 barrels of oil was discharged into the Indian Marais and Calcasieu Rivers following a heavy rain storm.

In 1994, CITGO converted its lagoon waste water system into a tank system for handling excess waste water and storm water. In order to trim costs, only two storm water tanks were constructed, but as early as 1998, employees and outside contractors advised that an additional tank was necessary. Despite being advised of the inadequate storage capacity, CITGO did not approve construction of a third tank until 2005.

In addition, the company failed to follow standard procedures for maintaining the tanks. During its operations, CITGO failed to remove oil, sludge and solids from the tanks and failed to repair the skimming equipment. Failing to follow these procedures allowed for the build-up of a significant amount of oil in the storm water tanks, which contributed significantly to the overflow.

Between June 19 and June 20, 2006, a heavy rainstorm overwhelmed the capacity of the two existing tanks and forced oil that had collected in the tanks out and into the two rivers. The illegal discharge resulted in limited commercial transportation on the water ways for approximately 10 days.

Along with the fine, CITGO will implement an Environmental Compliance Plan (ECP) by which it will take measures to ensure a spill of this type will not occur in the future. The ECP includes new reporting requirements within the corporate structure regarding environmental issues and tank maintenance, the completion of the third storage

tank and the installation of new and more effective oil removal equipment for the storm water tanks.

“Companies cannot make economic choices that sacrifice the environment,” said Ronald J. Tenpas, Assistant Attorney General for the Justice Department’s Environment and Natural Resources Division. “Sound business decisions must factor in the safeguard of the environment or companies will face consequences that in the long run are more detrimental to their bottom line.”

“The protection of the environment is among our highest priorities,” said Donald W. Washington, U.S. Attorney for the Western District of Louisiana. “We will not allow corporations or their employees to escape liability for failing to do their part in preventing harm to the environment. We fully intend to use all the tools at our disposal, including criminal prosecution, to punish those who pollute our air and water.”

“CITGO failed to properly maintain and operate equipment designed to prevent oil spills,” said Granta Y. Nakayama, Assistant Administrator for EPA's Office of Enforcement and Compliance Assurance. “Companies that harm the environment and their community as a result of their own negligence will be prosecuted and pay a heavy price.”

This prosecution is the result of an investigation conducted by the EPA, Criminal Investigation Division led by Special Agent Michael Centola, and the U.S. Coast Guard led by Special Agent James White. The case is being prosecuted by Rocky Piaggione and Eric Heimann of the Justice Department’s Environmental Crimes Section, and Assistant U.S. Attorney Stephanie Finley of the Western District of Louisiana U.S. Attorney’s Office.

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